PATENT

Application Serial No. 09/100,684
Attorney Docket No. 98-019

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Appellants: Daniel E. Tedesco, James A. Jorasch, Jay S. Walker	Group Art Unit: 3622
	Examiner: J. Myhre
Application No.: 09/100,684	
	REPLY BRIEF
Filed: June 19, 1998	
For: BILLING STATEMENT CUSTOMER ACQUISITION SYSTEM	Attorney Docket No. 98-019
Customer No. 22927	

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Dated: August 4, 2003 By: V. S. Leliever
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Assistant Commissioner for Patents
Washington, D.C. 20231

Dear Sir:

Appellants hereby reply to the Examiner's Answer mailed June 3, 2003 (Paper No. 26).

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Appellants respectfully address the following issues which were raised by the Examiner's Answer.

Issues (Examiner's Answer, page 3)

On page 3 of the Examiner's Answer (paragraph number 7), the Examiner disagrees that claims **1, 11 – 13, 22 and 29** were held unpatentable over a combination of references which include the Bucci, Schumacher, Goldberg and Wall Street Access references.

Appellants and the Examiner apparently agree on the facts but not the nomenclature. Both Appellants and the Examiner agree that the Bucci, Schumacher, Goldberg and Wall Street Access references were cited by the Examiner to support statements of "Official Notice".

Thus, these references were used in the rejection under 35 U.S.C. 103(a), and the Official Notice would clearly be improper if references were not provided to support them. Since the Official Notice is only proper to the extent it is supported by the Bucci, Schumacher, Goldberg and Wall Street Access references, Appellants consider these references as being used in combination with the remaining references in the present rejection.

Grouping of Claims (Examiner's Answer, page 3)

On page 3 of the Examiner's Answer (paragraph number 7), the Examiner disagrees with Appellants' grouping of claims. The Examiner has provided different groupings "based on the claimed features" of various claims.

The Examiner's groupings ignore the separate arguments of patentability provided in the Appeal Brief, and instead group the claims according to similar-sounding claim features.

The Examiner's groups are clearly incorrect because they ignore these separate arguments of patentability, and instead improperly focus on similar-sounding features. For example, the Examiner's group I includes claim **1** (Appellants' group I), claim **22** (Appellants' group VII) and omits claim **8** (from Appellants' group I).

Grouping independent claims **1** and **22** together ignores the separate arguments of patentability provided in the Appeal Brief. Independent claim **1** includes the limitation:

acquiring the individual as a customer by transferring said at least a portion of said amount to the first entity by the second entity

which is not found in independent claim **22**. The advantages of this limitation are discussed in the Appeal Brief on page 9, Section 1.2. It is well established that advantages of a limitation of a claim are relevant to nonobviousness of a claim including that limitation.

The Examiner has also grouped claim **8** (Appellants' group I) with claim **24** (Appellants' group VII) despite the separate arguments of patentability for those claims. Since claim **8** depends on independent claim **1** and claim **24** depends on independent claim **22**, claim **8** also includes the limitation:

acquiring the individual as a customer by transferring said at least a portion of said amount to the first entity by the second entity

which is not found in claim **22** or claim **24**. Thus, claims **8** and **24** are separately patentable for at least the same reasons discussed immediately above with respect to claims **1** and **22**.

Appellants had argued (in different portions of the Appeal Brief) that the references wholly fail to create a plausible case of unpatentability of various claims. Because the references were so plainly inapplicable to certain claims, the arguments made may seem to employ similar *language*. Nevertheless, the arguments are distinct and the claims are separately patentable, as described in the Appeal Brief.

<u>Response To Arguments (Examiner's Answer, page 13, Section (A))</u>

At page 13, section (A) the Examiner apparently has characterized the present claims as "business methods", which is an area that the Examiner believes to "have been understood and used by people all over the world since the beginnings of bartering between caves".

Appellants note that nowhere is the term business method defined by the Examiner or in any official policy of the U.S. Patent & Trademark Office. Nevertheless, the present claims are directed generally to products and processes in which offers are generated / provided with a billing statement. Appellants also note that the current application is assigned to Technology Center 3622, which is responsible for inventions in the field of "Incentive Programs and Coupons", not some nebulous field of "business methods" whatever that may mean.

Response To Arguments (Examiner's Answer, page 13, Section (A))

At page 13, section (A) the Examiner states that "the Appellant has not presented any arguments that call into doubt that the features [of the Official Notice] are well known."

Appellants have clearly sown that the Officially Noted subject matter is not supported by the references cited by the Examiner. Appellants have done so by arguing the.deficiencies of the specific references provided as support for the Official Notice. Appellants are not charged with calling this subject matter "into doubt" or otherwise trying to prove a negative – that something did *not* exist prior to Appellents' invention.

Response To Arguments (Examiner's Answer, page 14, Section (B))

At page 14, section (B) the Examiner states that "the main references used to reject that claims were the McNatt and Linnen references which clearly show AT&T sending their offer with the user's phone bill."

This is clearly untrue. The mailings of McNatt and Linnen are disclosed to be of checks only– nothing is sent "with the user's phone bill" in these references. In fact, there is no indication that the entities sending the checks even send bills to the recipients – whether or not separate from such checks.

Moreover, this is a new interpretation of McNatt and Linnen, and one which is contradicted by, among other things, the Examiner Answer. See, e.g., page 8 of Examiner's

Answer ("none of the references [including McNatt and Linnen] disclose that the offer is being enclosed in a billing statement"); page 19 of Examiner's Answer ("While the AT&T references disclose that the AT&T offers are provided to the customers, it is not explicitly disclosed how they are provided.")

Given that the Examiner's new interpretation of McNatt and Linnen is incorrect, the conclusion as a combination of these and other references is incorrect.

Response To Arguments (Examiner's Answer, page 14, Section (C))

At page 14, section (C) the Examiner provides a portion of the Schumacher reference as support for an argument of unpatentability. This is a repetition of previous arguments and this argument has been refuted at in the Appeal Brief, page 20.

Response To Arguments (Examiner's Answer, pages 14 - 15, Section (C))

At pages 14 - 15, section (C) the Examiner provides a hypothetical situation, apparently though not clearly to indicate inherency of certain features in the reference(s). This hypothetical is not found in any of the prior art of record. More importantly, the reasoning and conclusions that follow are severely flawed.

The Examiner's (unsupported) hypothetical generally states that, if 25% of a customer base were existing AT&T subscribers "it would be completely illogical for AT&T to have the local company send the offer to all 100,000 customers."

This hypothetical is extreme – the references make no mention of what portion of a group were existing customers. Thus, one can plausibly assume that the costs of marketing to existing customers is outweighed by the benefits of marketing to non-customers (i.e. the lifetime value of one new acquisition equals many $5 checks to existing customers). Such an acceptable cost of doing business is assessed by most or all businesses.

Further, it is just as likely that a much smaller minority (e.g. 5%) were existing customers, and that this cost is acceptable as a cost of doing business.

Further, it is also just as likely that the check includes contract terms that states cashing is not allowed unless one *switches* service (i.e. you are not an existing customer), and that penalties are automatically applied if such a term is violated (e.g., your account is charged a penalty fee if you are an existing customer).

Thus, in summary, the Examiner's hypothetical demonstrates nothing, and clearly runs counter to logic and business realities.

Response To Arguments (Examiner's Answer, page 15, Section (D))

At page 15, section (D) the Examiner argues that the limitation of Group I:

receiving acceptance of said offer from said individual

is implied by the references.

Appellants note that this argument was refuted in the Appeal Brief at pages 21 – 23, and the Examiner has not addressed this refutation. The "offer" of the claims is, by virtue of the other limitations of the claims:

> *an offer [that was provided with the billing statement from the first entity][, which offer is an offer to said individual to pay at least a portion of an amount due on said billing statement if said individual becomes a customer of said second entity]*

Since such an offer is in no way suggested by the references, *receiving acceptance of such an offer from the individual* cannot be suggested.

Response To Arguments (Examiner's Answer, page 15, Section (E))

At page 15, section (E) the Examiner argues that certain references pertain to "making offers to another merchant's customers using the billing statement" and "offering to pay a portion of the customer's bill".

No reference has anything to do with "making offers to another merchant's customers using the billing statement". This new and plainly erroneous interpretation of the McNatt and Linnen references is discussed above with respect to Section (B) of the Examiner's Answer.

No reference has anything to do with "offering to pay a portion of the customer's bill" at least because no reference which has anything to do with paying a portion of the customer's bill suggests offers to do so.

Response To Arguments (Examiner's Answer, page 16, Section (E))

At page 16, section (E) the Examiner argues that Krauss "uses the offer for the same motivational reason as AT&T to entice the customer to switch their phone service". This is plainly untrue. Krauss has nothing to do with switching service. Krauss deals only with providing a price incentive (low priced cellular phone) to sign up for a service (cellular phone service). Krauss, page 1, first paragraph. Thus the ensuing conclusions regarding the applicability of Krauss are flawed.

In this same section, the Examiner also asserts that "Crosskey is an online version of the other references in which a second merchant (advertisers) pays the first merchant (online service provider) pay [sic] of the customer's connection bill if the customer selects their advertisement and then becomes a customer of the second merchant (purchases an item)."

Clearly Crosskey is not "an online version of the other references". None of the other references have anything to do with paying portions of customers' bills.

Response To Arguments (Examiner's Answer, page 16, Section (E))

At page 16, section (E) the Examiner argues, without support, that "the references and even Appellant's [sic] invention could easily be modified to have the second merchant provide payment either directly to the customer, directly to the first merchant, or indirectly to the first merchant ..."

Appellants note that "[t]he mere fact that the prior art *may* be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the *desirability* of the modification." In re Fritch, 972 F.2d 1260, 1266 (Fed. Cir. 1992) (emphasis added). There must be some logical reason apparent from positive, concrete evidence that justifies a combination of references. In re Laskowski, 871 F.2d 115 (Fed. Cir. 1989). Thus whether certain modifications might have been technologically feasible is irrelevant to the question of motivation to combine or modify references.

Response To Arguments (Examiner's Answer, page 16, Section (E))

At page 16, section (E) the Examiner has not addressed the arguments in the Appeal Brief at pages 23 – 26 regarding the lack of a motivation to combine the references. Instead the Examiner argues only that "the motivation to combine these references is the motivation for all advertising – to entice the individual to become a customer."

First, this "motivation" differs significantly from the motivations previously provided – "in order to reduce the overall cost of the marketing program by eliminating such offers to present customers". See generally, Appeal Brief, page 25,

Second, this new and overly broad "motivation" ("to entice the individual to become a customer") is insufficient. Merely "enticing individual to become a customer" would not motivate the particular combinations the references in the manner proposed.

Third, this standard is legally incorrect. The Examiner apparently believes that any sort of commonality between references, whether in theme or words, is equivalent to a motivation to combine those references in any and all possible manners. On the contrary, it is beyond dispute

that there must be something in the prior art to suggest the desirability of making the proposed combination. Heidelberger Druckmaschinen AG v. Hantscho Comm. Prods, Inc., 21 F.3d 1068 (Fed. Cir. 1994). The absence of such a suggestion is dispositive. Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573 (Fed. Cir. 1997).

Note that this incorrect legal standard is employed in all of the Examiner's reasons for a motivation to combine the references. The Examiner does not address the separate arguments against a motivation to combine. See, e.g., Examiner's Answer, page 18 section (H); page 19 section (J); page 19 section (L), et seq., which all state that the Appellants' arguments against combination of the references "has been addressed above".

Response To Arguments (Examiner's Answer, page 17, Section (F))

At page 17, section (F) the Examiner interprets Jermyn as teaching that the customer "is given the offer (coupon) if they meet the predetermined criteria for the offer".

On the contrary, despite apparently subtle wording, Jermyn in fact discloses that coupons are *customized* to households – different households get different coupons. See generally Fig. 3, elements 68, 70, 72 and 88 and accompanying text. For each type of promoted product category (el. 68), certain target households are selected (el. 70, 72), but then this is *repeated* for the other product categories (el. 88).

Thus Jermyn does not suggest even

> *predefined criteria for receiving* ***any*** *offer*

much less the claimed limitation of

> *determining whether said individual satisfies predefined criteria for receiving said offer [which is provided with the billing statement] [and which is an offer to said individual to pay at least a portion of an amount due on said billing statement if said individual becomes a customer of said second entity]*

Response To Arguments (Examiner's Answer, page 17, Section (F))

At page 17, section (F) the Examiner restates the hypothetical McNatt and Linnen situation, and erroneous conclusions, discussed above with respect to the Examiner's Answer, pages 14 - 15, Section (C).

Further, the Examiner then supposes, for the first time and without any support, that "the second merchant (AT&T in this example) would also set other criteria, such as individual or business customers, household income brackets, credit history, etc." The Examiner further supposes that "these are types of targeting criteria normally sued throughout the marketing arts".

These suppositions are entirely without support in the record, and accordingly have no bearing on the present rejections.

Response To Arguments (Examiner's Answer, pages 17 -18, Section (G))

At pages 17 - 18, section (G) the Examiner has not addressed the arguments in the Appeal Brief, pages 34 – 35, that Jermyn does not suggest the limitations of the claim of Group III.

Further, the Examiner states that Jermyn discloses filtering "based on any appropriate condition" including "purchase histories (col. 8, lines 49 – 56) to include prices." The Examiner considers "purchase history" to be a "financial condition" as cited in the claim.

Clearly, Jermyn does not teach "any appropriate condition"; it necessarily teaches or suggests only those conditions which are taught or suggested by the disclosure.

Further, Jermyn does not disclose "purchase histories to include prices" at col. 8, lines 49 – 56. That portion of Jermyn has nothing to do with financial conditions, but only a record of what types of products the consumer has purchased.

Most tellingly, the Examiner also states that "the 'other demographic factors' disclosed by Jermyn could also include such 'financial' factors as payment type, credit history, and

possibly even household income levels. Since there is no suggestion in Jermyn or any other reference to use such criteria in any way, the possibility of modifying Jermyn in such a manner is irrelevant.

Response To Arguments (Examiner's Answer, page 18, Section (I))

At page 18, section (I), the Examiner has not addressed the arguments in the Appeal Brief at pages 38 – 43 regarding the lack of disclosure in the Mori reference. As discussed therein, Mori does not support the Official Notice taken by the Examiner in the rejection of the claims of Group IV.

Further, the Examiner's hypothetical suppositions related to buying "vanilla wafers" are entirely without support in the record, and accordingly have no bearing on the present rejections.

Response To Arguments (Examiner's Answer, page 19, Section (K))

At page 19, section (K), the Examiner has not addressed the arguments in the Appeal Brief regarding the claims of Group V. The Examiner merely asserts that Bucci teaches that advertising can be included in the single envelope carrying the one-page, or more, summary of all billing statements.

Response To Arguments (Examiner's Answer, page 20, Section (M))

At page 20, section (M), the Examiner has not addressed the separate arguments of patentability of claim **13** (Appellants' group VI). Appellants note that since claims **1 and 13** recite different limitations.

Appellants had argued (in different portions of the Appeal Brief) that the references wholly fail to create a plausible case of unpatentability of either claim **1** or claim **13**. Because

the references were so plainly inapplicable to either claim **1** or claim **13**, the arguments made may seem to employ similar *language*. Nevertheless, the arguments are distinct and the claims are separately patentable, as described in the Appeal Brief.

Response To Arguments (Examiner's Answer, page 21, Section (S))

At page 21, section (S), the Examiner asserts that "Notwithstanding this disclosure by McNatt and Linnen, as asserted above acceptance indicia are well known". This assertion is without any support in the record, as are the conclusions that follow therefrom.

Further, the Examiner provides (without any support) that it would have been obvious to include an acceptance indicia to prevent slamming in the system of Linnen and McNatt. However, slamming is when a reseller switches a customer to their service without obtaining proper authorization from that customer. Linnen, page 1, paragraph 1. One such method "was with checks" which included "a two-line notice in faint type that 'endorsement of this check switches your long-distance service to Sonic Communications' ". (Linnen, page 2, paragraph 4). The fact that some customers did not realize the consequences of endorsement are what made this practice illegal "slamming". Adding acceptance indicia would not reduce this type of slamming, contrary to the Examiner's assertion.

Response To Arguments (Examiner's Answer, page 22, Section (U))

At page 22, section (U), the Examiner has failed to address the arguments in the Appeal Brief against the Examiner's unsubstantiated interpretation of the references.

For example, the Examiner's interpretations of McNatt or Linnen are "that AT&T is evaluating each customer and sets the face value of the check to the maximum amount that they will pay to acquire that particular customer." Not only is there no evidence to support this interpretation, it is contrary to common sense. The Examiner's supposition assumes that it is somehow possible to acquire such detailed information from a mass mailing list. Further,

McNatt clearly shows that the individual customers are not being "evaluated" in any way – the Chairman of MCI was mailed an $80 check to switch to AT&T.

The Examiner also asserts that "the first merchant (i.e. the one sending the billing statement – the local phone company in this case) is the entity which compiles the mailing to include the information to format and print the checks." This is clearly not disclosed by any reference, and certainly not by McNatt or Linnen. This new and erroneous interpretation of McNatt and Linnen is discussed above with respect to the Examiner's Answer, page 14, Section (B).

Response To Arguments (Examiner's Answer, page 22, Section (U))

At page 22, section (U), the Examiner has failed to refute the arguments in the Appeal Brief (pages 89 - 90) that, in the Examiner's interpretation of the references, the only entity that "receives data" from AT&T is the individual who receives a check from AT&T.

The Examiner's Answer states that "the first merchant .. is the entity which compiles the mailing to include the information to format and print the checks. Thus, … the first merchant initially receives this information and completes the other steps of the methods." This erroneous interpretation of the references is discussed immediately above. Regardless, the "first merchant" in this hypothetical would not "receive" such information, but would likely calculate it.

Response To Arguments (Examiner's Answer, page 23, Section (U))

At page 23, section (U), the Examiner again refers to a "banana purchase example" and further to a "credit card example", "heating and air conditioning" example and "numerous other examples in society". Each of these is entirely without support in the record, and accordingly they have no bearing on the present rejections.

CONCLUSION

Thus, the Examiner's rejection of the pending claims are is improper at least because the references, alone or in combination, do not disclose or suggest the limitations of any claim. In addition, in the obviousness rejections the Examiner has improperly combined the references because there is no adequate reasoning or support for making the proposed combination. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Appellants hereby request any extension of time that may be required to make this Reply Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,

August 4, 2003
Date

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